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THE REPEAL BIG OIL TAX SUBSIDIES ACT – FIGHTING HIGH GAS PRICES INSTEAD OF PROTECTING BIG OIL PROFITS

Big Oil raked in a record-breaking $137 billion in profits last year, but still received billions of dollars in taxpayer subsidies. Even though oil companies are making money while drivers feel pain at the pump, Republicans continue to protect Big Oil profits by blocking efforts to end this transfer of middle class tax dollars to the oil companies. The only real way to protect middle class families from exposure to high gas prices is to use less oil and pursue alternatives that will compete with oil in the marketplace. The Repeal Big Oil Tax Subsidies Act ends more than $2 billion per year in tax breaks for Big Oil and invests savings in clean energy technologies that will make us less dependent on foreign oil, drive economic growth, and create jobs. Now is the time for Republicans to join Senate Democrats in fighting for middle class families by repealing these wasteful Big Oil tax giveaways and moving toward a clean energy future.

Big Oil Doesn't Need Big Tax Breaks

Last year, the five biggest private sector oil companies —BP, Chevron, ConocoPhillips, ExxonMobil, and Shell— made record profits. With oil trading at over $100 per barrel and gasoline prices near $4 per gallon, Big Oil doesn't need taxpayer subsidies.

- **Five Major Oil Companies Made Nearly $1 TRILLION in Profits Over the Last 10 Years.** Last year, the big five oil companies—BP, Chevron, ConocoPhillips, ExxonMobil, and Shell—made a record-breaking $137 billion. Over the last decade their total profit amounts to nearly $1 trillion. [CAP, 2/7/12; CAP, 1/31/11]

- **Oil Companies Are Profiting from Higher Gas Prices.** As of March 22nd, the national average price of regular gasoline is over $3.88 per gallon – up almost $0.34 from a year ago. For every penny that the price of gasoline increases, Big Oil makes an additional $200 million per quarter. [AAA, Accessed 3/22/12; CAP, 2/28/12]

- **The public Supports Repealing Tax Subsidies for Big Oil.** An overwhelming majority – 66% of those polled – said that repealing tax subsidies for Big Oil is an acceptable way to help reduce the deficit. [NBC News/Wall Street Journal Poll, 2/11]

- **Ex-Shell CEO Says Big Oil Can Live Without Subsidies.** Former Shell CEO John Hofmeister is on record as saying, "In the face of sustained high oil prices it was not an issue—for large companies—of needing the subsidies to entice us into looking for and producing more oil…my point of view is that with high oil prices such subsidies are unnecessary." [National Journal, 02/11/2011]

- **Senate Republicans Stand with Big Oil.** Republicans stood with Big Oil – protecting their record profits and billions worth of tax-payer subsidies at the expense of consumers - when they blocked an effort by Senate Democrats to repeal tax subsidies for Big Oil on an almost completely party-line, 52-48 vote. The Democratic bill received a majority of support in the Senate, but failed to clear a procedural threshold. [Vote #72, 5/17/11]

Repealing Big Oil Tax Breaks Won't Raise Prices at the Pump

Contrary to Republican claims, eliminating these wasteful subsidies won't raise gas prices. In fact, many of these handouts have been on the books for decades as prices have fluctuated.

- **Consumers Will Likely "Feel No Impact at the Pump from Removing These Tax Preferences."** Then Assistant Secretary of Treasury for Economic Policy Alan Krueger has remarked that, **"**Because we expect little or no effect on the world supply of oil, removing these subsidies would have an insignificant effect on world oil prices. If the world oil price does not change, U.S. consumers would feel no impact at the pump from removing these tax preferences." [Krueger Remarks, 10/15/09]

- **Experts Agree Ending Big Oil Subsidies Will Not Raise Prices.** Severin Borenstein, co-director of U.C. Berkeley's Center for the Study of Energy Markets, said, "the incremental change in production that might result from changing oil subsidies will have no impact on world oil prices, and therefore no impact on gasoline prices." [Media Matters, 4/28/11]

- **Repealing Subsidies Won't Impact Production or Lead to Price Hikes.** According to an analysis by the Congressional Research Service (CRS) repealing tax subsidies for big oil would not result in higher gasoline prices. CRS concludes that because the current $100 per barrel price of oil far exceeds the cost of production, it is unlikely that a small increase in taxes would reduce output in a manner that decreases supply resulting in higher gasoline prices. [CRS, 03/08/2011]

Clean Energy Technology as Part of a 21st Century Energy Strategy

To reduce our dependence on oil and protect middle class families from gas price spikes, we need to develop clean energy technologies. Investing in these technologies will cut demand for oil, drive economic growth, create jobs, and allow America to lead the global clean energy market.

- **The Sec. 1603 Grant Program Provides Much Needed Liquidity To The Financing Market For Renewable Energy Projects.** This program has leveraged over $32 billion in private investment in over 22,000 renewable energy projects. [Treasury, 10/31/11]

- **The 48C Tax Credit Fuels Job Growth in the Clean Energy Manufacturing Sector.** Reauthorization of the Sec. 48C Advanced Energy Manufacturing Tax Credit could create or support an additional 58,000 jobs and leverage another $5.4 billion in private investment. [Energy, 1/8/10]

- **The Production Tax Credit Powers the Renewable Wind Industry.** Since the last reauthorization of the Production Tax Credit in 2005, U.S. wind power capacity had more than tripled to over 8,000 MW. [AWEA, 4/11]

- **The Global Clean Energy Market Is Growing And America Needs To Lead.** According to the Pew Charitable Trusts report, global clean energy finance and investment reached $243 billion in 2010, a 30% increase from the previous year. [Pew Charitable Trusts, 3/29/11]